

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7344

BILL NUMBER: HB 1238

NOTE PREPARED: Jan 31, 2011

BILL AMENDED:

SUBJECT: Advocacy with public funds.

FIRST AUTHOR: Rep. Noe

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: *Restrictions:* This bill provides that a school corporation, its officials, and its employees are restricted in various ways from promoting a position on a public question subject to a referendum that would authorize an increase in the school corporation's property tax levy.

Superintendent: This bill provides that if an organized community group invites the superintendent of a school corporation or the superintendent's designee to speak at an event of the organized community group, the superintendent or the superintendent's designee may promote a position on a public question subject to a referendum during the speaking engagement. It provides that the superintendent or the superintendent's designee may be assisted in promoting a position on a public question at an event of an organized group by an employee of the school corporation, the treasurer of the school corporation, or a member of the governing body.

Referendum Tax Levy: The bill provides that if the voters of a school corporation approve a referendum tax levy, another referendum tax levy previously approved by the voters of the school corporation and in effect on the date of the most recently conducted referendum, if any, is rescinded effective the day before the new referendum tax levy goes into effect.

Effective Date: July 1, 2011.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Restrictions--Controlled Project:* Current law prohibits local taxing

units from using public funds and employees to promote a position (positive or negative) on a controlled project. Additionally, consultants, who may be involved in the design of the project and in overseeing the lease agreement, may not spend any money to influence voting for or against the project. If the project is in a school district, the corporation may not use students in any way to influence support for the project.

This bill, to some degree, eases the restrictions on consultants from attempting to influence the outcome of the referendum. These individuals are permitted to spend up to \$100 to promote a position on the project. The bill also permits employees of the taxing unit to disseminate factual information on the project in response to inquiries from the public.

On the other hand, the bill extends the restriction on school corporations promoting a position to include discussing the proposed referendum at a parent-teacher's conference regarding the student's performance.

Restrictions–Referendum Tax Levy: Under this bill the same restrictions that apply to a controlled project (including the provisions in this bill) would also apply to a school corporation during the referendum process for a tax levy.

Superintendent: The bill permits a school superintendent or the superintendent's designee who has been invited to address a community group to promote a position on a controlled project or a referendum tax levy. Additionally, it permits an employee of the school corporation, the corporation's treasurer, or a member of the governing body to assist the superintendent in providing information during the speaking engagement.

Referendum Tax Levy: Under the bill, if a referendum tax levy is currently in effect, and the taxpayers in a school district approve a new levy, the current levy would be rescinded the day before the new levy takes effect.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Taxing Units; School Corporations; School Superintendents.

Information Sources:

Fiscal Analyst: David Lusan, 317-232-9592.